

FAST FACTS

What Happens If a District Has to Pay Back Title I Funds?

Title I of the Elementary and Secondary Education (ESEA) Act is the largest federal aid program to public districts in the nation. The goal of Title I is to provide instructional services and activities that support students in meeting the state's challenging performance standards. The purpose of the federal Title I funds is to help at-risk students. One should always keep in mind that expenditures must be **reasonable** and **educationally related**.

Historically, in North Dakota, most financial compliance issues are typically honest mistakes or oversights. However, on occasion, there have been instances where districts have had to pay back Title I funds.

The following are examples of when a district would have to pay back misused Title I funds:

- ✓ A rural district purchased 18 computers when they have only seven Title I students served in the Title I program. It is not reasonable to purchase more computers than the total number of students served at one time. The district would need to use some other funding source to purchase the excess computers.
- ✓ A district who paid 100% of a teacher's salary with Title I funds, assigned that teacher the duties of the state required student performance strategist for 35% of their time. This is an example of double dipping as the district received funding for the student performance strategist through state aid, as well as Title I. The district would have to refund the Title I program for Title I funds wrongly spent on the student performance strategist salary and benefits.
- ✓ A district assigned an instructional coach paid with Title I funds to a Title I school and assigned an instructional coach paid with state or local funds to a non-Title I school. It is a supplanting violation. If a district is funding a program/activity in a non-Title I school with state or local funds, this same program/activity must also be offered in Title I buildings with state or local funds. Either the instructional coaches need to be assigned only to Title I buildings or the district needs to pay for the instructional coaches in the non-Title I building with other federal funds, such as Title IIA funding.
- ✓ A district used federal funds to give their entire staff end-of-year bonuses. Federal regulations only allow districts to provide signing bonuses to attract highly qualified personnel under certain circumstances regulated under North Dakota Century Code Section 15.1-09-33.1. It is not allowable to give bonuses. The district would need to reimburse the Title I program for the amount of funds spent on bonuses.

When there is a need to pay back Title I funds, it matters significantly when the issue is detected. In most instances, the issue is detected during the school year in which the expenditure occurred. This is a relatively easy fix. The district simply removes the inappropriate expenditure from the Title I ledger and pays for it with an alternative allowable funding source.

However, if the issue is not detected until after the district has submitted a final financial report and closed out their books for the year, it gets more complicated. In this situation, again, the district needs to find a legitimate funding source for the non-allowable Title I expenditure. The district needs to use that funding source to refund the Title I program by issuing a check to the North Dakota Department of Public Instruction. In addition, the district needs to submit a revised final financial report reflecting these changes. Title I funds cannot reimburse the Title I program; other funding sources from the district must be used.

In order to prevent fraud, abuse, and support the effective use of Title I funds, the department has an obligation to conduct monitoring and oversight over Title I programming. Most compliance issues are honest mistakes that can be easily corrected. If school personnel are ever in question about a particular expenditure, the best solution is to ask someone in Title I so that mistakes can be prevented or corrections can be made in a timely manner.

If you have any questions regarding this issue, please contact the Division of Student Support & Innovation at (888) 605-1951.